

Message Text

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PAGE 01 MEXICO 15769 160037Z
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 9210
INFO DEPT OF TREAS WASHDC

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E.O. 11652: N/A
TAGS: EFIN, MX
SUBJECT: MEXICAN BANKER'S VIEWS ON OPERATION OF FOREIGN
EXCHANGE MARKET

BANCO DE COMERCIO OFFICER, WHO OVERSEES THE BANK'S FOREIGN
EXCHANGE OPERATION, TOLD EMBASSY OFFICERS TODAY THAT HIS
BANK, THROUGH ITS ASSOCIATED CASA DE VALORES WAS BUYING MORE
DOLLARS THAN IT WAS SELLING. BANK WAS PRESENTLY LONG ON
DOLLARS. HENCE VALUE OF PESO WAS APPRECIATING. HE SAW LITTLE
CHANGE IN THIS TENDENCY OVER NEXT SEVERAL WEEKS AT LEAST. HE
SAID BANCO DE COMERCIO SETS ITS OWN RATE ALTHOUGH IT DID
CONSULT WITH OTHER MAJOR FOREIGN EXCHANGE TRADERS, ESPECIALLY
BANCO NACIONAL DE MEXICO. NEVERTHELESS DEPENDING ON THEIR
DOLLAR POSITIONS BOTH BANKS FREQUENTLY HAD SLIGHTLY DIFFERENT
RATES. HE DID NOT BELIEVE THE BANCO DE MEXICO WAS IN THE
FOREIGN EXCHANGE MARKET, AT LEAST NOTICEABLY. HE ALSO
STATED THAT RECENTLY ATTEMPTS BY A PUBLIC COMPANY TO SELL
10 MILLION DOLLARS HAD BEEN REFUSED BY HIS BANK BECAUSE IT
WAS ALREADY TOO LONG IN DOLLARS AND DID NOT WANT TO PUT
PRESSURE ON THE RATE. HE DID NOT KNOW HOWEVER WHAT THE FIRM
EVENTUALLY DID. HE ALSO INDICATED THAT A FORWARD MARKET WOULD
HAVE TO DEVELOP SOON BUT SURPRISINGLY COUPLED THIS WITH
COMMENT ON NECESSITY TO FIX EXCHANGE RATE AFTER A FEW MONTHS.
HE BELIEVED THE BANCO DE MEXICO WAS ANXIOUS TO SEE A FORE-
WARD MARKET ESTABLISHED. HE HAD HEARD OF ONE TEN THOUSAND
DOLLAR FORWARD OPERATION THAT WAS REPORTED IN TODAY'S PRESS
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BUT DID NOT KNOW WHAT CASA DE VALORES WAS INVOLVED. FINALLY,

HE INDICATED THAT THE BANCO DE MEXICO WAS NOT WATCHING THE
MARKET AS CLOSELY AS IT HAD BEEN IN THE FIRST SEVERAL WEEKS.
THOMPSON

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NNN

Message Attributes

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Margaret P. Grafeld
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TAGS: EFIN, MX
To: STATE
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